

## Road Use Tax Fund Distributions

This document will review the funding allocation made from the Road Use Tax Fund (RUTF) for road construction and maintenance. The RUTF is the major collection point for road funding revenue in Iowa and distributes revenue based on a formula set in Iowa Code section [312.2](#). The formula, displayed below, distributes funding to the major street funds after “off-the-top” appropriations occur.

- 47.5% to the Primary Road Fund – supports Iowa’s Primary Highways.
- 24.5% to the Secondary Road Fund – supports secondary roads under the jurisdiction of counties.
- 8.0% to the Farm-to-Market Fund- supports Iowa’s Farm-to-Market road system.
- 20.0% to the City Street Construction Fund – supports city streets.

In FY 2015 RUTF distributions totaled \$1,456.9 million. Of the total, \$117.7 million was allocated through statutory off-the-top allocations, \$48.1 million was appropriated by the General Assembly, and \$1,291.3 million was allocated to street funds for road construction and maintenance. Of the \$1,291.3 million allocated for road construction, \$167.7 million was allocated through the TIME-21 Fund noted below. Distributions in FY 2015 may not match FY 2015 revenue because some revenues credited to FY 2015 are deposited in the RUTF after the close of the fiscal year on July 1. These revenues were distributed in FY 2016.

Off-the-top allocations reduce the funds available for distribution through the formula and fall under two categories. The first is statutory off-the-top appropriations set in Iowa Code section [312.2](#) that allocate funding for various purposes each year. Code language for statutory allocations may set a fixed dollar amount or adjust the funding allocation based upon need or formula. Of 18 total allocations, 11 are static amounts, 2 are based upon need, and 5 are set by formula. Funding amounts provided by these categories are \$18.1, \$3.6 and \$96.3 million respectively. The second appropriation type is enacted in the Iowa Department of Transportation (DOT) budget bill.<sup>1</sup> Budget bill appropriations are typically made directly to the DOT. Although off-the-top appropriations occur prior to final distribution for construction activities, these appropriations typically address road-related activities. The table below shows the off-the-top allocations including the allocation amount, and the enactment year.<sup>1</sup>

The creation of the TIME-21 fund in 2008 added an additional diversion of funding from the RUTF. The TIME-21 Fund receives all annual registration fees that exceed \$392.0 million. This change diverts funding away from the RUTF formula and to an alternative TIME-21 formula. The TIME-21 fund distributes this revenue to the same street funds by the following formula: Primary Road Fund 60.0%, Secondary Road Fund 20.0% and City Street Fund 20.0%.

### Statutory Off-the-Top Allocations

Allocated to:	FY 2015	Formula	Year
<b>Commercial and Industrial Network (CIN):</b> Allocation to the Primary Road Fund (PRF) for construction and maintenance on the CIN. The Network consists of highways within the primary road system that meet certain standards determined by the DOT Commission. The purpose of the Network is to enhance the State’s economy through an improved flow of commerce and safer travel and to better connect Iowa with regional, national, and international markets.	\$33.6 million	10.0% of total new registration fees collected.	1989

<sup>1</sup> Two additional appropriations are made in the Administration and Regulation Appropriation Act. In FY 2015 these appropriations totaled \$150,000.

#### More Information

Iowa General Assembly: <https://www.legis.iowa.gov/>

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Allocated to:	FY 2015	Formula	Year
<p><b>Revitalize Iowa's Sound Economy (RISE):</b> Supports the RISE program. RISE funds are divided between the DOT, counties, and cities for road projects that support economic development. (Iowa Code chapter <a href="#">315</a>).</p>	<p><b>State:</b> \$24.1 million <b>County</b> \$6.0 million <b>City</b> \$12.0 million</p>	<p>2.0 cents per gallon to RISE DOT: 1.0 cents Counties: 0.25 cents Cities: 0.50 cents Iowa Code section <a href="#">312.2(9)</a></p>	1985
<p><b>Primary Road Fund (PRF):</b> Allocation to the Primary Road Fund (PRF) enacted to offset the impact of reduced funds to the PRF due to changes to the distribution formula and "off-the-top" appropriations in the 1977 and 1979 sessions.</p>	\$7.1 million	<p>\$7.1 million per year. • Iowa Code section <a href="#">312.2(4)</a></p>	1978
<p><b>Primary Road Fund:</b> Allocation to the PRF enacted to compensate for increased highway wear associated with higher truck weight limits.</p>	\$4.4 million	<p>\$4.4 million per year. • Iowa Code section <a href="#">312.2(7)</a></p>	1980
<p><b>Secondary and Urban Expenses:</b> Allocation to the PRF to pay expenses incurred by the DOT for services to county and city jurisdictions, excluding primary road extensions in cities.</p>	\$500,000	<p>\$500,000 per year. • Iowa Code section <a href="#">312.2(2)</a></p>	1958
<p><b>Parks and Institutional Roads:</b> Appropriation to the DOT to support the construction and maintenance of state-owned roads. The Transportation Commission approves state agency requests to build and maintain roadways and bridges on state-owned land. In 2015 this allocation supported an estimate 600 miles of roads.</p>	\$8.2 million	<p>An amount equal to 0.65% of all RUTF receipts. • Iowa Code section <a href="#">312.2(2)</a></p>	1978
<p><b>Farm-to-Market Fund</b> Allocation to the Farm-to-Market Fund to compensate for increased highway wear associated with higher truck weight limits.</p>	\$1.5 million	<p>\$1.5 million per year. • Iowa Code section <a href="#">312.2(7)</a></p>	1980
<p><b>Secondary Road Fund</b> Allocation to the Secondary Road Fund to correct imbalances in the RISE fund. When RISE was created, the DOT received one cent of Motor Fuel Excise Tax, and both counties and cities received half of one cent of excise tax. Funding for counties exceeded demand, and this allocation redirects a portion of RISE funds to the Secondary Road Fund.</p>	\$6.0 million	<p>An amount equal to 0.25 cents per gallon of motor fuel excise tax. • Iowa Code section <a href="#">312.2(10)</a></p>	1989
<p><b>Living Roadway Trust Fund</b> Allocation to the Living Roadway Trust Fund to develop roadside vegetation to act as natural windbreaks, wildlife habitat, and roadside erosion control. The Fund is created in Iowa Code section <a href="#">314.21</a>, and funding is allocated as follows: 56.0% to the DOT, 30.0% to counties, and 14.0% to cities.</p>	\$100,000 \$150,000	<p>Two allocations of \$100,000 and \$150,000 per year. • Iowa Code section <a href="#">312.2(6)</a> • Iowa Code section <a href="#">312.2(8)</a></p>	1989
<p><b>Railroad Crossing Surface Repair Fund</b> Funds railroad companies and highway jurisdictions in repairing railroad crossings surfaces. Projects are intended to maintain a safe and smooth intersection.</p>	\$900,000	<p>\$900,000 per year. • Iowa Code section <a href="#">312.2(2)</a></p>	1978
<p><b>Railroad Crossing Safety Fund</b> Funds railroad companies in maintaining crossing signals installed since 1973.</p>	\$700,000	<p>\$700,000 per year. • Iowa Code section <a href="#">312.2(2)</a></p>	1958
<p><b>Secondary Bridge Fund</b> Allocation to the County Bridge Construction Fund for construction and reconstruction of county bridges.</p>	\$2,000,000	<p>\$2,000,000 per year. • Iowa Code section <a href="#">312.2(12)</a></p>	1989
<p><b>City Bridge Fund</b> Allocation to the City Bridge Fund to support the construction and maintenance of city bridges.</p>	\$500,000	<p>\$500,000 per year. • Iowa Code section <a href="#">312.2(12)</a></p>	1990

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Allocated to:	FY 2015	Formula	Year
<b>License Plate Production</b> Authorizes funds sufficient to pay the costs for purchasing certificates of title and registration forms, supplies, materials, and prison labor used in the manufacture of license plates, emblems, and validation stickers.	\$3.4 million	An allocation sufficient to pay the costs of producing license plates. <ul style="list-style-type: none"> <li>• Iowa Code section <a href="#">312.2(3)</a></li> </ul>	1973
<b>Traffic Safety Projects</b> Funds the <a href="#">Traffic Safety Improvement Program</a> (TSIP) administered by the DOT. The TSIP provides grants to cities and counties for safety improvement projects. Applications are made for one of three categories: site-specific construction improvement, traffic control devices, and research or public information.	\$6.3 million	An amount equal to 0.5% of all RUTF receipts. <ul style="list-style-type: none"> <li>• Iowa Code section <a href="#">312.2(11)</a></li> </ul>	1987
<b>Driver's License Suspension Personal Delivery of Service</b> Funds the cost associated with the personal delivery of driver's license suspension notices by law enforcement officers.	\$225,000	An allocation of \$225,000 or enough to fund the cost of personal delivery of driver's license suspension notices by law enforcement officers. <ul style="list-style-type: none"> <li>• Iowa Code section <a href="#">321.211</a></li> </ul>	1978
<b>County Treasurer's Equipment (Reg. &amp; Licenses)</b> Supports automation and telecommunications equipment and support for vehicle registration and titling, and driver licensing at county treasurer's offices.	\$650,000	\$650,000 per year. <ul style="list-style-type: none"> <li>• Iowa Code section <a href="#">312.2(13)</a></li> </ul>	1991
<b>Fuel Tax Refunds</b> Transfer to the Iowa Department of Revenue to reimburse General Fund expenditures for income and sales tax refunds to individuals and corporations.	\$218,000	<ul style="list-style-type: none"> <li>• Iowa Code section <a href="#">422.110</a> through <a href="#">422.112</a>.</li> </ul>	

### **FY 2015 Enacted Appropriations**

*(Click on the link for a related Fiscal Topic)*

#### **Drivers' License revocation hearings:**

Supports the costs associated with administrative hearings related to driver's license revocation hearings. The Department of Inspections and Appeals (DIA) uses these funds for salaries, support, maintenance, and miscellaneous expenses.

**Amount**  
\$1.6 million

#### **Dept. of Management Support Staff:**

Funds Department of Management functions that support the DOT. Funding is used to pay for salaries, support, maintenance, and miscellaneous expenses.

\$55,000

#### **Department of Administrative Services (DAS) I/3 Expenses:**

Funds the fees collected by DAS and used to administer the statewide I/3 statewide budget system.

\$93,148

#### **Driver's License Costs:**

Funds electronic processing (use of debit or credit cards) for payment of driver's licenses, non-operator identification cards, and civil penalties. The appropriation includes costs for the lease of the Driver's License Digitized Photo Imaging System.

\$3.9 million

#### **DOT Operations – Operations Division:**

Supports functions of the Operations Division, including salaries. The Division provides many of the key business functions of the Department, including administration, accounting, asset management, and many others. Other duties are outlined in the linked Fiscal Topic.

\$6.4 million

#### **DOT Operations – Planning and Programming Division:**

The Division is responsible for both long- and short-range transportation plans; forecasting road funding revenues; developing the Five-Year Transportation Improvement Program; developing city, county, and state transportation maps; and administering several grant programs and financial assistance programs. Other duties are outlined in the linked Fiscal Topic.

\$414,000

#### **DOT Operations – Motor Vehicle Division (MVD):**

Supports operations of the Motor Vehicle Division, including salaries. The MVD is responsible for administering and enforcing federal and state motor vehicle laws and regulations, including testing, licensing, and sanctioning of all drivers. Other duties are outlined in the linked Fiscal Topic.

\$34.6 million

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<b>DOT Operations – Performance and Technology Division:</b> Funds operations within the Division, including salaries. The Division receives the majority of its funding from the Primary Road Fund. Other duties are outlined in the linked Fiscal Topic.	\$460,040
<b>Department of Administrative Services Personal and Utility Services:</b> Funds payments to DAS for centralized services. Services provided by the DAS are placed into three categories: utility services, marketplace services, and leadership services. Utility services purchased by the DOT include: Human Resources services; General Services such as the DOT office space in the Lucas Building; and Information Technology services such as directory service, the Information Security Office, and user authentication and authorization.	\$235,125
<b>Unemployment Compensation:</b> Funds unemployment compensation paid by the DOT to employees. For state government employees, the DAS pays all unemployment compensation claims from a General Fund appropriation. The DAS then bills departments for the costs associated with all non-General Fund employees.	\$7,000
<b>Workers Compensation:</b> The Iowa Code requires workers' compensation coverage for injuries sustained in the performance of duties. Coverage is compulsory for all employers in the public sector and many employers in the private sector. Workers' compensation covers all approved medical expenses for treatment of an employee's injuries and lost wages if the employee is incapacitated for work for more than three days.	\$114,000
<b>Indirect Cost Recovery:</b> Supports indirect cost expenses that are allocated to the General Fund. Iowa Code section <a href="#">8A.505</a> requires all agencies funded by resources other than the State General Fund to make payments to the General Fund for recovery of indirect costs associated with centralized services provided by other state agencies that receive funding from the General Fund, such as services from the Treasurer of State for cash receipt collection and warrant redemption.	\$78,000
<b>State Auditor Reimbursement:</b> The Office of the Auditor of the State provides audit, review, and other technical services to state and local governments to ensure the effective, economical conduct of public activities in a prudent, accountable manner.	\$67,319
<b>County Treasurer Support (Drivers' License Issuance):</b> Iowa driver's licenses, vehicle registrations, and titles are issued at county treasurer's offices throughout the state. To support the issuance of these documents, the General Assembly makes annual appropriations to the DOT from the RUTF. Expenditures are made by the DOT to provide for communications, information technology (IT) equipment, and outside IT services that support document issuance. The majority of the appropriation supports data usage on the Iowa Communications Network (ICN).	\$1.4 million
<b>Road and Weather Conditions Information:</b> Funds the Iowa 511 Travel Information System that provides a phone number for travelers to receive weather-related road conditions, traffic incidents, and highway construction information. The System is available 24 hours a day, seven days a week. This appropriation was not funded in FY 2016.	\$100,000
<b>Mississippi River Parkway Commission:</b> Funds annual organization dues and operational costs. The 10-member Commission is responsible for promoting transportation and tourism along the Iowa Great River Road. Specifically, the Commission develops and implements a Corridor Management Plan that includes establishing signage requirements, restrictions on outdoor advertising, methods to market and promote the Corridor, and actions to involve the public.	\$40,000
<b>MVD Field Facility Maintenance:</b> Funds activities that include renovation and replacement of aging facilities operated by the DOT. The DOT maintains 1,090 buildings totaling more than 4.2 million square feet at 218 sites. The DOT defers maintenance on these facilities as long as possible and anticipates continued demand to replace and renovate facilities.	\$200,000

# Road Use Tax Fund Distributions

## **Formula Distributions**

Fiscal Year 2015 distributions to street funds are listed below. These distributions occur after off-the-top allocations and appropriations. These distributions include funds transferred by the TIME-21 formula.

- Primary Road Fund: \$634.2 million
- Secondary Road Fund: \$308.1 million
- Farm-to-Market Road Fund: \$89.9 million
- City Construction Fund: \$258.2 million

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<sup>i</sup> The list of allocations reviewed here focus exclusively on distributions that occur in the RUTF. Additional statutory distributions exist for the Statutory Allocations Fund that deposits its remaining balance in the RUTF. Individual sources of revenue may also be reduced in net amount due to statutory requirements and refunds.